

Tax Related Recommendations (Rank from 1 to 14 in terms of priority where 1 should be the highest priority item and 14 should be the lowest priority)

- ___ Reduce the top marginal individual income tax rate to a rate that is competitive with other southeastern states.
- ___ Broaden the individual income tax base to federal adjusted gross income with minimal deductions and exemptions.
- ___ Reduce the number of individual income taxpayers by eliminating the filing requirement of those with immaterial taxable income and who pay an insignificant amount of income tax.
- ___ Reduce the corporate income tax rate to a rate that is competitive with other southeastern states.
- ___ Broaden the corporate income tax base by enacting a combined reporting regime for related entities and conduct a comprehensive review of the corporate franchise tax in order to alleviate any possible compliance burdens as a result of two corporate tax reporting systems.
- ___ Repeal the estate and gift taxes.
- ___ Reduce North Carolina's reliance on the individual income tax
- ___ Broaden the sales tax base to include services in a revenue neutral manner and lower the sales tax rate.
- ___ Eliminate differential rates in the sales tax as well as sales tax exemptions (including the food exemption). Some mechanism should be provided to relieve lower income households from any additional tax burden.
- ___ Move all excise taxes to an ad-valorem basis.
- ___ Include privilege taxes as sales/use taxes or eliminate them.
- ___ Give local governments greater flexibility with respect to how they raise revenue to fund the services they provide. A menu of taxes and fees should be available to local governments and should be consistent across the state. The menu should include but not be limited to: options for sales taxes, real estate transfer fees or deed stamp taxes, impact fees, motor vehicle license taxes and vehicle use fees.
- ___ Reduce reliance on the gas tax and provide alternative proxies to road use that would lead to additional resources for transportation infrastructure.
- ___ Give local governments options to provide property tax deferrals for elderly or fixed income residents and to revalue property using annual indexing.

Program Responsibilities and Infrastructure Recommendations (Rank from 1 to 9 in terms of priority where 1 should be the highest priority item and 9 should be the lowest priority).

In ranking these specific recommendations, certain general principles should be understood including that the State of North Carolina and local governments should use debt conservatively and follow the State's debt affordability guidelines, that any shift from local governments to state government (and vice versa) for funding responsibility must include a swap of revenue authority, and that public infrastructure should be financed by those who benefit most directly from the capital investment.

- ___ The State should assume responsibility for the county share of Medicaid.
- ___ The State should develop and implement wellness programs in order to control the long-term costs of Medicaid and consider other options such as Medicaid HMOs, "fees" for smoking, expanding pay for performance programs and linking benchmark care standards (to be developed by the Governor's office) to reimbursement rates.
- ___ The State should take over funding responsibilities for local election personnel or shift authority for local election personnel to local governments.
- ___ The General Assembly and relevant state agencies include DENR, DOT and DPI should identify ways to be more efficient and to prioritize needs.
- ___ Where appropriate, tolls roads and public/private partnerships may be used to finance transportation projects and increase the speed of completion. Proxies for the use of roads and highways such as the gas tax and highway use tax should remain the prevailing source of revenues for these purposes.
- ___ Local governments should be given flexibility to use Powell Bill funds to fund projects on state roads.
- ___ The State should issue bonds to replace the 1998 Clean Water Bonds. Funds from these bonds should be allocated to local utilities that have the greatest need and should be used to provide incentives to regionalize or otherwise provide more cost effective services.
- ___ Local governments should assess user rates to cover both capital and operational costs of providing water and sewer infrastructure.
- ___ The State should provide greater flexibility for the use of local tax revenue by lifting some mandates that earmark revenues.